

Message Text

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PAGE 01 BRUSSE 12679 01 OF 02 281629Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15
NSCE-00 SSO-00 ICAE-00 INRE-00 OIC-02 /112 W
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O 281409Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 7537
INFO ALL EC CAPITALS
USMISSION GENEVA IMMEDIATE

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 12679

USEEC

GENEVA FOR MTN

E.O.11652:N/A
TAGS: ETRD, EEC
SUBJECT: EC COUNCIL ADOPTS FINAL MANDATE FOR MTN

REF: BRUSSELS 12455

1. SUMMARY: EC COUNCIL, FOLLOWING FOUR-HOUR MINISTERIAL DISCUSSION ADOPTED MANDATE FOR FINAL PHASE OF MTN NEGOTIATION. COUNCIL HAS EMPOWERED COMMISSION, IN CLOSE COORDINATION WITH ARTICLE 113 COMMITTEE, TO NEGOTIATE NECESSARY COMPROMISES WITH TRADING PARTNERS. END SUMMARY.

2. MEETING IN LUXEMBOURG ON JUNE 27, EC COUNCIL OF FOREIGN MINISTERS APPROVED TEXT OF NEGOTIATING MANDATE DESIGNED TO GUIDE COMMISSION IN FINAL PHASE OF MTN.

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PAGE 02 BRUSSE 12679 01 OF 02 281629Z

MANDATE WAS DRAFTED BY ARTICLE 113 COMMITTEE IN ALL-DAY LUXEMBOURG SESSION AND THEN WAS EXAMINED LINE BY LINE BY MINISTERS DURING FOUR-HOUR PERIOD. FROM PRELIMINARY REMARKS OF MEMBER STATE AND COMMISSION SOURCES, IT IS CLEAR THAT MAJOR STICKING POINTS IN BOTH MEETINGS WERE AGRICULTURE, SUBSIDIES/COUNTERVAILING DUTIES AND, ABOVE ALL, SELECTIVE SAFEGUARDS.

3. ON SELECTIVE SAFEGUARDS, FRG ARGUED IN 113, AND
INSISTED ON BRINGING TO COUNCIL FOR DECISION, POSITION
THAT PRIOR CONSULTATIONS WERE NECESSARY BEFORE ACTION
COULD BE TAKEN AND THAT OPINION OF COMMITTEE OF SIGNATORIES
SHOULD BE BINDING. FINAL COUNCIL WORDING ON MANDATE,
WHICH UK TRADE MINISTER DELL DESCRIBED TO PRESS AS
SATISFYING ALL NINE MEMBER STATES, APPARENTLY STATES THAT
IN CRITICAL CIRCUMSTANCES, SELECTIVE SAFEGUARD MAY BE
TAKEN ON A PROVISIONAL BASIS WITH CONSULTATIONS TO BE
REQUESTED AT THE SAME TIME. IN RESPONSE TO A QUESTION,
DELL STATED THAT MANDATE DID NOT SPECIFY HOW LONG A PRO-
VISIONAL MEASURE WOULD BE IN EFFECT AND SAID THAT OPINION
OF COMMITTEE OF SIGNATORIES WOULD BE ADVISORY, NOT BIND-
ING. EC NEGOTIATOR PAUL LUYTEN TOLD MISSION OFFICER AT
CLOSE OF COUNCIL THAT HE HAD TOLD US AND JAPAN THAT EC
COULD NEVER ACCEPT PRIOR CONSULTATION AND THAT STRONG
STAND TAKEN BY FRG THIS DAY COULD NOT CHANGE THAT FACT.

4. ON SUBSIDIES/COUNTERVAILING DUTIES, MUCH OF DISCUSSION
REPORTEDLY TURNED ON QUESTION OF DEVELOPING A LIST OF
INTERNAL SUBSIDIES WHICH HAVE TRADE EFFECTS. COMMISSION
SPOKESMAN TOLD PRESS AT ONE POINT THAT EC COULD NOT ACCEPT
SUCH A LIST AND WAS CONCERNED THAT IT COULD BE USED ONE
DAY TO DRAW IT BEFORE A GATT PANEL. SAME SPEAKER TOLD
PRESS THAT FRG HAD INDICATED IN COUNCIL THAT IT COULD
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PAGE 03 BRUSSE 12679 01 OF 02 281629Z

ACCEPT A LIST AND THAT UK POSITION, WHICH HAD BEEN
OPPOSED, HAD BECOME MORE FLEXIBLE IN COURSE OF COUNCIL
DISCUSSION. FRENCH MINISTER OF FOREIGN TRADE DENIAU TOLD
PRESS THAT FRANCE OPPOSED DEVELOPMENT OF A LIST. IN HIS
PRESS BRIEFING, MINISTER DELL SAID THAT THE GENERAL FEEL-
ING IN THE COUNCIL WAS THAT A LIST WAS NEITHER PRACTICAL
NOR DESIRABLE. HE SAID MANDATE WORDING "NEVERTHELESS DOES
NOT EXCLUDE POSSIBILITY OF MEETING US CONCERNS" ON THIS
POINT AND THAT HE "HOPES" THESE CONCERNS CAN BE MET IN
SOME OTHER WAY.

5. ON AGRICULTURE, DENIAU TWICE TOLD PRESS THAT THE EC
COULD ACCEPT NO INVOLVEMENT THAT WOULD LIMIT ITS EXPORTING
RIGHTS AS THEY NOW EXIST AND AS THEY COULD EXIST IN THE
FUTURE THROUGH COMMUNITY ENLARGEMENT. DELL, IN HIS
STATEMENT, EMPHASIZED THAT UK HAD PUT ON RECORD IN THE
MANDATE THE NEED FOR BETTER ACCESS FOR AGRICULTURAL
IMPORTS WITHOUT UNDERMINING THE CAP. WHEN QUESTIONED,
HE ADDED THAT MANDATE IS AGREED BUT THAT DIFFERENT MEMBER
STATES INTERPRET IT DIFFERENTLY; UK THINKS EC SHOULD BE
READY TO MAKE CONCESSIONS ON AUSTRALIAN BEEF AND NEW
ZEALAND CHEESE; IRELAND DISAGREES ON CHEESE, AND SEVERAL
MEMBER STATES DISAGREE ON BEEF. UK VIEW IS THAT IT WOULD

BE EXCEEDINGLY DIFFICULT TO CONCLUDE THE MTN WITHOUT EC CONCESSIONS ON AGRICULTURE.

6. ON NON-TARIFF CODES, FRENCH REPRESENTATIVE TOLD PRESS THEY MUST BE BALANCED AND SPECIFICALLY THAT ALL SIGNATORIES, INCLUDING FEDERAL STATES, MUST ACCEPT THE SAME LEVEL OF OBLIGATION. EARLY IN DAY, EC CUSTOMS OFFICIAL HENRY CHUMAS TOLD MISSION OFFICER THAT MEMBER STATES ACCEPTED COMMISSION VIEW ON CUSTOMS VALUATION CODE BUT THAT TO SATISFY AN FRG OBJECTION, EC WOULD ENTER RESERVE ON COMPUTED VALUE, SAYING IT MUST BE USED ON LIMITED BASIS AND ONLY WITH CONSENT OF BOTH IMPORTER AND EXPORTER.

7. ON GENERAL EC POSITION ON MTN, DENIAU TOLD PRESS THAT (A) EC SHOULD NOT PUT ANY OF ITS CONCESSIONS INTO EFFECT LIMITED OFFICIAL USE

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PAGE 04 BRUSSE 12679 01 OF 02 281629Z

UNTIL OTHER NEGOTIATING PARTNERS HAVE OBTAINED LEGISLATIVE

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PAGE 01 BRUSSE 12679 02 OF 02 281423Z

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LIMITED OFFICIAL USE SECTION 02 OF 02 BRUSSELS 12679

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APPROVAL TO DO THE SAME, (B) ALL PARTICIPANTS MUST
RENOUNCE THE PROTOCOL OF PROVISIONAL APPLICATION AND
(C) ALL ELEMENTS OF THE MTN ARE LINKED. THERE CAN BE NO
PARTIAL AGREEMENTS AND AN OVERALL BALANCE MUST BE ATTAINED.
DELL DESCRIBED FINAL MANDATE AS REFLECTING EC DESIRE TO
MAKE A TOTAL SUCCESS OF MTN AND COMPARED PROCESS OF
APPROVING MANDATE IN COUNCIL TO USG NEED TO BRING CONGRESS
ALONG ON MTN PACKAGE. HE SAID MANDATE PROVIDES FOR
CONTINUOUS CONSULTATION BETWEEN COMMISSION AND ARTICLE 113
COMMITTEE ON ALL ISSUES. WHEN ASKED WHETHER THIS MEANT
THAT COMMISSION AND 113 WOULD BE FREE TO MAKE SIGNIFICANT
CONCESSIONS IN AREAS LIKE AGRICULTURE WITHOUT FURTHER
COUNCIL CONSIDERATION, DELL GAVE A HEDGED BUT ESSENTIALLY
NEGATIVE REPLY, ADDING THAT FURTHER COUNCIL SESSIONS ARE
NOT PRESENTLY SCHEDULED BEFORE JULY 15 MTN DEADLINE. DELL
DESCRIBED OBJECTIVE OF JUNE 27 COUNCIL AS TO ESTABLISH A
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PAGE 02 BRUSSE 12679 02 OF 02 281423Z

STRONG EC MANDATE FOR THE END OF THE NEGOTIATIONS AND ONE
THAT WOULD ALLOW A NEGOTIATED CONCLUSION, ONE THAT WOULD
DEFEND EC INTERESTS BUT MAKE A SUCCESSFUL NEGOTIATION
POSSIBLE. HINTON

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